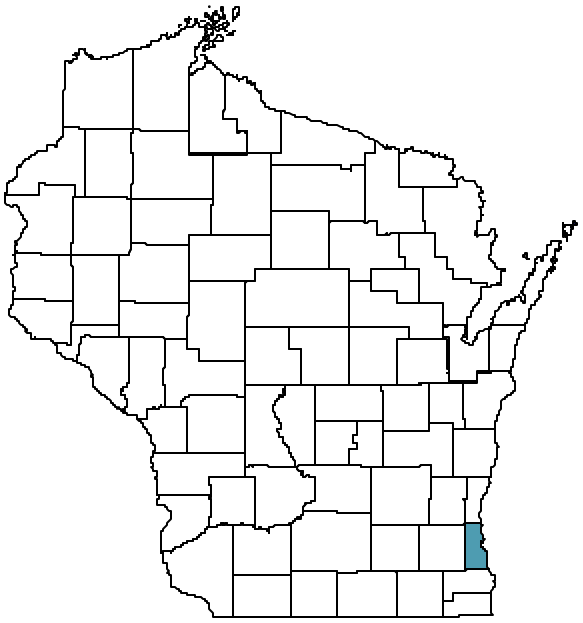
Workforce Development Area Profile

Milwaukee Wisconsin



The labor market is a constant ebb and flow of supply and demand. Too little demand for workers creates too much supply and unemployment increases. But too little supply of workers means job vacancies and lack of employment growth.

Every Workforce Development Area in the state should anticipate a tight labor supply condition by the end of the next decade. Planners in each area must understand the unique set of employment characteristics in their region to development a strategy to meet a future where demand will exceed supply.

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State of Wisconsin
Department of Workforce Development
January 2003

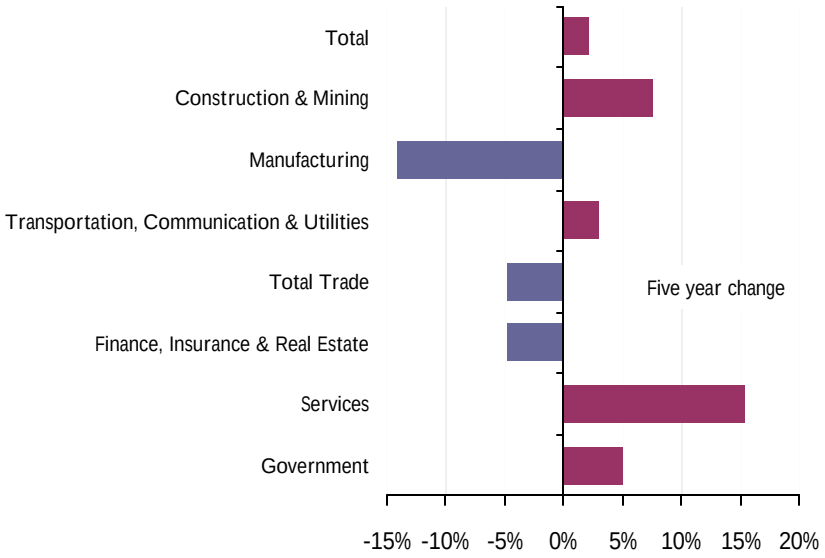
- The Demand for Workers -

Milwaukee WDA Employment

Economic activity in Milwaukee County in 2001 and 2002 again reinforced the suggestion that the county's — and region's economy is continuing a pattern of transition from a traditional, or heavy industry-focused economy to one more diversified in soft, or service industries. As a result, the county's labor market has experienced some significant growing pains, caused both by cutbacks in industry and a demographic transition towards a mature workforce that is expected to continue for the next several decades. Despite this painful transition, there is reason to expect that the changes occurring over the past several decades will strengthen the Milwaukee economy and will produce future opportunities for growth.

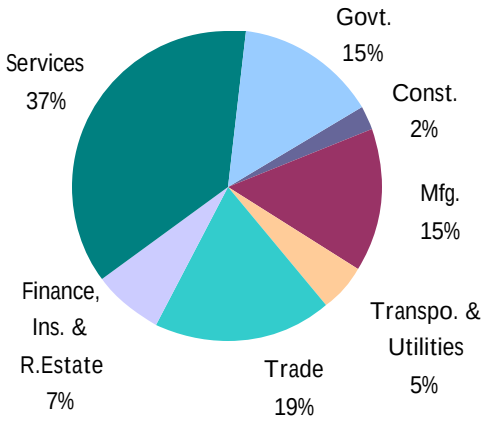
As can be observed in the chart below, industry employment within the Milwaukee Workforce Development Area that consists of Milwaukee County has experienced a great degree of fluctuation. The two most notable trends that can be observed are that the manufacturing sector — the traditional base of economic strength in the region has experienced a 14.2 percent loss in employment in the past five years, with much of this loss centered in durable goods manufacturing. Similarly, the trade industries, and FIRE sector (finance, insurance, and real estate) experienced identical 4.9 percent losses in industry employment over this period. It is important to note that total trade employment decreased despite significant growth in the retail trade sector.

Milwaukee Workforce Development Area
Employment Change by Industry Division: 1996 to 2001



Source: WI DWD, Nonfarm wage and salary estimates, revised March 2002

Milwaukee WDA Industry Distribution: 2001



Source: WI DWD, Nonfarm wage and salary estimates, revised March 2002

However, a number of key sectors, led by service industries (15.3 percent) and construction firms (7.6 percent) gained employment between 1996 and 2001, resulting in a minor, but positive overall job growth trend for the region.

As a result of these transitions in industry employment activity, the region's economy looks significantly different than it did through the 1950's and 1960's, when manufacturing and related employment accounted for nearly half of all available opportunities in the county. Currently, manufacturing employment accounts for 15 percent of the region's total employment, a share that is more than doubled by the influence of service industries which now account for 37 percent of employment.

SIC	SIC divisions	NAICS* sectors	NAICS*
Agriculture, Forestry, and Fishing	01-09	11	Agriculture, Forestry, Fishing & Hunting
Mining	10-14	21	Mining
Construction	5-17	22	Utilities
Manufacturing	20-39	23	Construction
Transportation, Communication, and Utilities	40-49	31-33	Manufacturing
Wholesale Trade	50-51	42	Wholesale trade
Retail Trade	52-59	44-45	Retail trade
Finance, Insurance, and Real Estate	60-67	48-49	Transportation & Warehousing
Services	70-89	51	Information
Public Administration	91-97	52	Finance & Insurance
		53	Real Estate, Rental & Leasing
		54	Professional, Scientific & Technical Services
		55	Management of Companies & Enterprises
		56	Admin, Support, Waste Mgmt. & Remediation Srv.
		61	Education services
		62	Health care & Social assistance
		71	Arts, Entertainment & Recreation
		72	Accommodation & Food Services
		81	Other services (except Public Administration)
		92	Public Administration

*North American Industry Classification System

Industry Employment - What is NAICS?

The North American Industry Classification System (NAICS) is a completely new industry classification system that will provide a better picture of where people work and will give insight to industries that have been dynamic and important in a changing economy. The change from the old system, Standard Industrial Classification (SIC), to NAICS began in earnest in 1997 with the U.S. Department of Commerce's Economic Census, but will only begin to be used on an exclusive basis beginning January 2003. The genesis of NAICS came from the need to uniformly categorize industry statistics from the United States, Mexico and Canada. Ideally, the new system will be able to capture industries that have evolved and have become more prominent within the economy, for example, the information sector and other technology-based industries. These industries have become so salient in our economy that they are deserving of more prominently reported data.

NAICS will initially focus on reporting only current industry employment and wage data. There will only be limited amounts of historical data for the short term. This will create a challenge in constructing a historical time series of industry data. However, the monthly Current Employment Statistics program, responsible for the monthly nonfarm wage and salary industry employment data for counties, will convert previously published SIC data into NAICS, but it is unknown when these tables will be available.

NAICS uses the same employment and wage reporting methods, that is, payroll reports from employers, as those completed under the SIC system, but employers may now be classified into different, and in some cases more numerous industries than SIC had classified. NAICS is designed to focus on **how** products and services are created, unlike SIC, which was based on **what** was produced. An example of this major change occurs with wholesale and retail trade, where NAICS transitions the focus to what the establishment **does** rather than **to whom** it sells.

The table at the top of this page lists 20 NAICS industry sectors, while the pie graph on page 3 has consolidated these 20 NAICS sectors into nine. The final version of the industry layout for publishing county level data has not been formalized at the time of writing this publication but it is speculated to be similar to the NAICS table at the top of this page. Employment and wage data from employers covered by unemployment insurance, also known as ES-202 data, will be available for all 72 counties, most likely, at the three-digit level of NAICS, a level not displayed anywhere in this profile. The state industry data will most likely be published at the four-digit level.

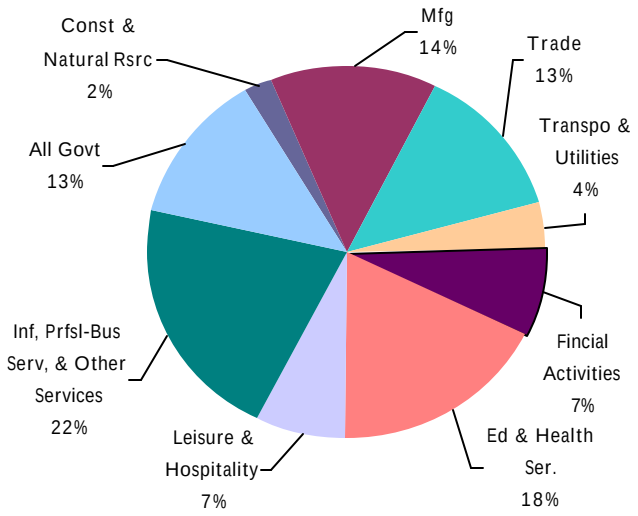
At this time, NAICS industry data from the ES-202 program can be obtained from the U.S. Department of Labor's, Bureau of Labor Statistics for the year 2001 only. It is unknown when historical ES-202 data will processed from the SIC system into the NAICS system.

Monthly industry data from the Current Employment Statistics program, which also produces the nonfarm wage and salary estimates for small counties, will begin to release data in NAICS starting with the January 2003 estimates. Metropolitan county data will display several more sectors than the small county data. Small county data will show fewer and broader industry data, mostly for reasons that fall out of confidentiality standards and the decision that broader detail is better than no detail at all. Historical SIC estimates will be transferred into NAICS going back to 1990 data, but at this time, only the metropolitan and state level data will be available in this context. It has not been decided if or when the small county data will be crosswalked into NAICS, so historical analysis for the smaller geographies will not be possible for at least the immediate future.

A much improved element of NAICS data is that it will provide a much better breakout of growing industries such as hospitality, healthcare and other burgeoning, service-oriented industries. These industries were previously reported as a broad, single sector in SIC. It will also reallocate the estimated 30,000 jobs (Milwaukee County, alone) from the eating and drinking places of the SIC retail trade sector into the NAICS accommodation and food services sector. Another example of a difference between the two systems is that some of those employed in newspaper publishing in SIC will be moved from a manufacturing industry classification to the NAICS information sector. *Comparisons between SIC and NAICS are not recommended as each are distinct entities and are not intended for analytical comparison related to industry performance.* Very simply, SIC manufacturing is not the same as NAICS manufacturing.

Keeping in mind that SIC and NAICS industry coding systems are different entities altogether, it is assumed that despite being a leading and historically powerful employing industry in Milwaukee and most of the state for that matter, that manufacturing data will continue to show declining employment, just as the SIC system has, especially over the last decade. Despite its reputation as a beer town and prolific producer of industrial machinery, Milwaukee County is now becoming more known for the services it provides rather than the goods it produces. As stated before, Milwaukee seems to be following the rest of the big cities in the U.S., becoming much more services-oriented.

Milwaukee WDA NAICS Industry Distribution: 2002

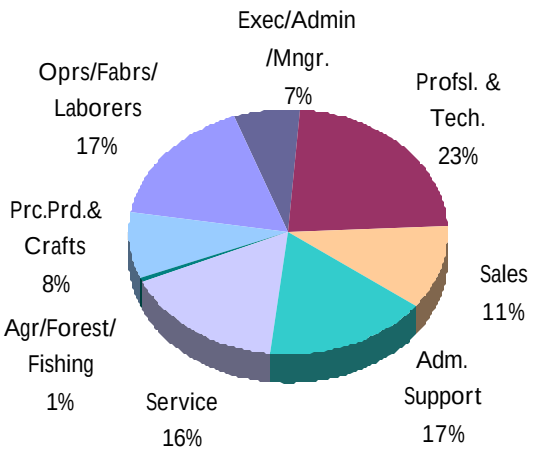


Source: DWD, Labor Market Information Section, ES-202, Jan. 2003

In comparison to the rest of the state using NAICS , the Milwaukee WDA shows higher than state average percentage of industry employment in information, professional, scientific and technical services, business services and other services; education and health services, and financial activities. The county is proportionately lower in employment in manufacturing; construction and natural resources; government; total trade; and leisure and hospitality. The county is at state average levels of employment in transportation, warehousing and public utilities. It is speculated that education and health services will be two industries for employment growth/demand in the next decade.

The shift from SIC coding into the NAICS system will continue to be a process of understanding, viewing and reviewing industry data from a different perspective. It cannot be stressed enough the importance of not wholly comparing SIC data to the NAICS. There are many resources available to help one understand the NAICS subtleties and to help one find industry data. The recommended resource is the U.S. Department of Labor's Bureau of Labor Statistics. The web link for NAICS information is http://146.142.4.22/bls/naics.htm. This site also contains a SIC/NAICS crosswalk so that one may find analogous industries across the two classifications. Your Department of Workforce Development regional labor market analyst/economist is also available for consultation.

Milwaukee WDA Occupations in 2008



Source: WI DWD, Bureau of Workforce Information, 2001

Occupations and Demand for Workers

Understanding the labor demands of an area begins with a good understanding of the industries and the occupations employed by those industries. The U.S. Bureau of Labor Statistics coordinates an annual survey of businesses to collect information on occupations in each state. The graph on the left is a broad occupational distribution in the Milwaukee WDA based on projected staffing patterns in local industries. These occupational groups are listed independently of industry.

The table (below) lists occupations that will have the largest number of yearly openings from 1998 to 2008 due to job creation (growth) or due to those leaving the occupation because of retirement or other type of turnover (separations). The typically required education/ training is displayed as well.

Occupations with the Largest Number of Annual Openings Due to Growth and Separations
WDA2-Milwaukee

Occupational Title	1998-2008 Growth	Percent Change	Est. Average Annual Openings Growth	Separations(1)	Total(2)	Education and Training Typically Required(3)
Retail Salespersons	1,740	11.2%	175	527	702	Short-term on-the-job-training
Cashiers	1,590	14.6%	159	474	633	Short-term on-the-job-training
Office Clerks, General	1,650	11.4%	165	402	567	Short-term on-the-job-training
Waiters & Waitresses	840	10.5%	85	441	526	Short-term on-the-job-training
General Mgrs & Top Execs	2,470	17.2%	247	252	499	Work exp. plus bachelor's or higher dgr.
Registered Nurses	2,200	20.8%	220	174	394	Associate degree
Helpers/Laborers/Movers, NEC	1,250	17.1%	125	227	352	Short-term on-the-job-training
Food Prep/Service Workers, Fast Food	450	8.2%	46	303	349	Short-term on-the-job-training
Janitors & Cleaners	810	7.6%	82	230	312	Short-term on-the-job-training
Hand Packers & Packagers	1,670	32.6%	167	127	294	Short-term on-the-job-training
Food Preparation Workers	300	6.4%	31	257	288	Short-term on-the-job-training
Teachers, Secondary School	1,050	19.6%	105	172	277	Bachelor's degree
Nursing Aides/Orderlies/Attendants	1,540	17.6%	154	122	276	Short-term on-the-job-training
Systems Analysts	2,250	94.9%	225	15	240	Bachelor's degree
Assemblers & Fabricators, NEC	990	12.6%	99	140	239	Short-term on-the-job-training
Reception/Information Clks	1,230	20.7%	124	114	238	Short-term on-the-job-training
Admin Support Supervisors	1,050	18.5%	105	128	233	Work exp. in related occupation
Computer Support Specialists	2,070	96.3%	208	13	221	Bachelor's degree
Truck Drivers, Heavy	1,150	17.5%	115	94	209	Postsecondary vocational training
Hand Workers, NEC	800	18.6%	80	116	196	Short-term on-the-job-training
Truck Drivers, Light	1,130	20.5%	113	79	192	Short-term on-the-job-training
Sales Reps, Mfg and Wholesale	660	13.6%	66	119	185	Moderate-term on-the-job training
Teachers, Elementary School	540	9.7%	53	128	181	Bachelor's degree
Marketing/Sales Supervisors	1,010	16.5%	101	80	181	Work exp. in related occupation
Secretaries, Ex Legal or Medical	-10	-0.1%	0	168	168	Moderate-term on-the-job training

(1) Separations are an estimate of how many job openings there will be in each occupation due to people permanently leaving an occupation. Openings that occur due to people changing employers but remaining in the same occupation are not included.
(2) Total openings are an estimate of how many new entrants are needed in the occupation.
(3) Typically required means this is the most common way people are expected to enter the occupation.
Other notes: Self-employed, unpaid family workers and work-study students are not included. Railroad workers are not included, except in WDAs 7 and 8.

Source: WI DWD, Bureau of Workforce Information, 2001

Two key aspects of the regional workforce that merit discussion among the components of demand for labor in Milwaukee are the composition of estimated openings in the area and the availability of workers with the necessary level of education and experience to fill these expected openings.

With respect to the nearly 21,000 estimated annual openings within Milwaukee County, a significant majority of these positions (44 percent) require little training. This results from the recognition that a bulk of these openings are in positions in retail trade and business services. These occupations carried with them an average hourly wage of $9.73 in 1998.

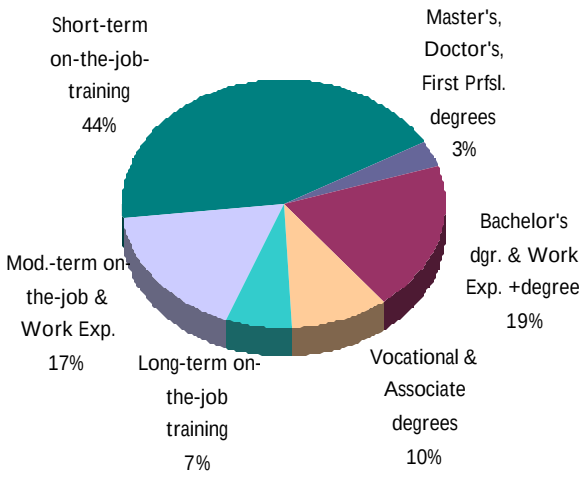
Equally important, but of fewer numbers are those openings in occupations requiring either significant degrees of experience or education. Seventeen percent, or 3,500 of all estimated openings require a significant degree of work experience, with many of these openings concentrated in manufacturing, healthcare, and sales occupations. The average hourly wage associated with these occupations was $12.66. Similarly, positions requiring long-term training and work experience in a related occupation accounted for seven percent of all estimated openings and paid an average hourly wage of $16.25, suggesting that a distinct premium was paid for work experience and training in the region.

With respect to openings requiring a postsecondary education, the majority of available openings in the Milwaukee region require a vocational or associate's degree. This is due, in part, to a strong industry focus in manufacturing and healthcare industries, and the presence of four nationally-respected technical colleges in the area offering a diverse academic program. As a result of this strong demand and the diversity of openings requiring vocational degrees, the average hourly wage among these openings was $16.69 in 1998.

With respect to those openings requiring at least a bachelor's degree, these openings are primarily concentrated in the service sector and are dominated by professional occupations. The premium associated with these occupations is once again apparent, as those openings requiring a bachelor's degree paid, on average, $20.11 hourly, while those requiring a master's degree paid $22.48, and those requiring a professional or doctoral degree paid an average of $27.18 per hour.

Turning to briefly discuss the level of education present

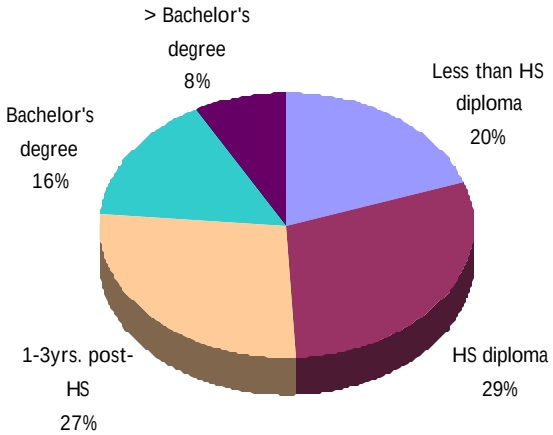
Annual Openings in Milwaukee WDA



Source: WI DWD, Local Workforce Planning Section, 2001

in the labor force-eligible population in the region, the first finding of interest is the presence of a significant percentage of individuals with less than a high school diploma. The absence of this diploma presents significant barriers to obtaining sustaining employment. Conversely, the importance of higher education in the regional economy is apparent, as represented by the high concentrations of individuals with some post-secondary education. Additionally, the Milwaukee region is home to a significant share of individuals with a bachelor's or advanced degree. When this distribution is considered from a metropolitan perspective, the concentration of highly educated individuals increases significantly, suggesting the potential for growth in knowledge industries.

Education Attainment in 2000 in Milwaukee WDA



Source: US Dept. of Commerce, Census Bureau, *Census 2000*

- The Supply of Workers-

Milwaukee WDA Population

The population of Milwaukee County posted a modest increase between 2000 and 2002, fueled primarily by a continued pattern of out-migration from the City of Milwaukee to suburbs both in Milwaukee County and surrounding counties. In comparison, the nation and state each posted modest 0.7 percent increases over the course of the past year. While the disparity between growth in the nation and state and decline in the county presents some cause for concern, it is important to note that this shift is by no means a new trend. During the course of the past decade, for example, Milwaukee County experienced a 0.5 percent decrease in population as compared to 8.7 percent in the United States and 8.4 percent in Wisconsin. In fact, the county's population has been experiencing a steady state of decline since reaching its peak in 1960. Nonetheless, 17.4 percent of the state's population continued to call Milwaukee County home in 2001. This population concentration continues to affirm the county's status as the center of the state's largest economy and labor market.

The population shift occurring in the county is illustrated by a loss of 1,016 residents in the City of Milwaukee, compared to an increase of 927 residents in the county. In the meantime, a number of suburban communities reported significant population gains. Specifically, the cities of Franklin and Oak Creek each reported significant population gains over the past year, of 4.3 percent and 4.8 percent from 2000 to 2002. This annual growth continues a decade of phenomenal growth for the two municipalities over the 1990's when Franklin and Oak Creek grew by 31.8 percent and 40.8 percent, respectively. This growth is indicative of the relative growth pattern of the county's economy, as well, as a majority of new development in retail development, particularly has occurred in these communities.

The relative lack of growth and slight decline in population in the other suburban municipalities in the county should cause little alarm. Because of their especially small magnitude, as illustrated by the highest loss of 341 residents in Wauwatosa reflect nothing more than a mature suburban area with a relatively saturated housing market. Over the course of the past decade, 23,916 new housing units were built in the county. Despite the fact that the county lost population, this turnover in housing stock is again an indication of a mature region.

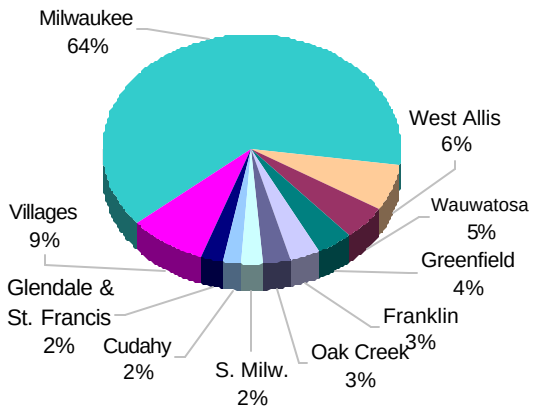
When analyzing shifts in the region's population, it is important to consider where change is occurring, be it

Total Population

	2000 Census	January 2, 2002 Estimate	Percent change
United States	281,421,906	286,200,000	1.7%
Wisconsin	5,363,675	5,453,896	1.7%
Milwaukee WDA	940,164	941,091	0.1%
Milwaukee	596,974	595,958	-0.2%
West Allis	61,254	61,114	-0.2%
Wauwatosa	47,271	46,930	-0.7%
Greenfield	35,476	35,776	0.8%
Franklin	29,494	30,749	4.3%
Oak Creek	28,456	29,826	4.8%
S. Milw.	21,256	21,424	0.8%
Cudahy	18,429	18,410	-0.1%
Glendale & St. Francis	22,029	21,898	-0.6%
Villages	79,525	79,006	-0.7%

Source: WI Dept. of Admin., Demographic Services, 2002

2002 Population Distribution in Milwaukee Wisconsin

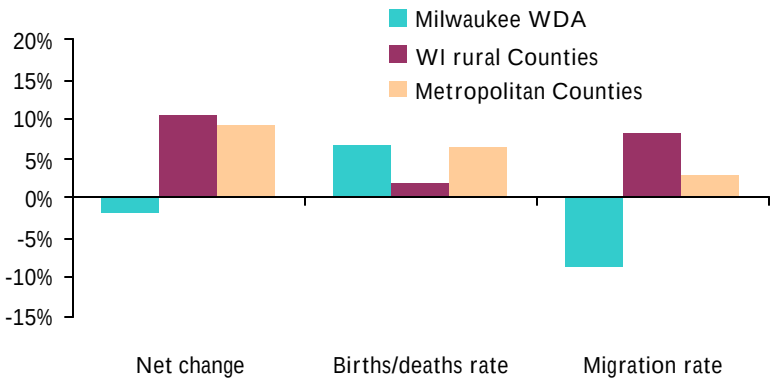


in terms of migration growth or natural growth. From an analysis of the chart at right, it is apparent that all positive population growth occurring in the Milwaukee WDA is the result of natural growth, or the differential between a relatively high birth rate and a lower death rate.

Despite a natural growth rate of nearly 8 percent, the WDA lost over 19,000 residents over the course of the 1990's. This loss was the result of a relatively high rate of out migration from the county into suburban areas. This out migration can be attributed to the availability of vacant land for housing development and the migration of employment opportunities to suburban markets, particularly with respect to manufacturing positions.

Additionally, the past decade saw the continuation of a trend observed in the 1970's and 1980's wherein the region has lost a significant share of its young population. Despite birth rates that surpass those of the state, as a whole, residents between the ages of 20 and 40 have left the region, to a great degree. While this pattern of out migration, commonly referred to as the "Brain Drain" can be attributed to a number of factors, including a perceived lack of opportunity and the desire for a more cosmopolitan lifestyle, its impact on the regional economy is significant, particularly with respect to significant patterns of out migration among the region's female population. A direct correlation can be drawn between a decrease in the number of females in the county's population and a subsequent decline in the region's birth rate, resulting in future decreases in population. This effect can be seen in the decrease in the number of youths under the age of ten in the county over the past decade.

Components of Population Change in Milwaukee WDA
Compared with other rural & metropolitan counties

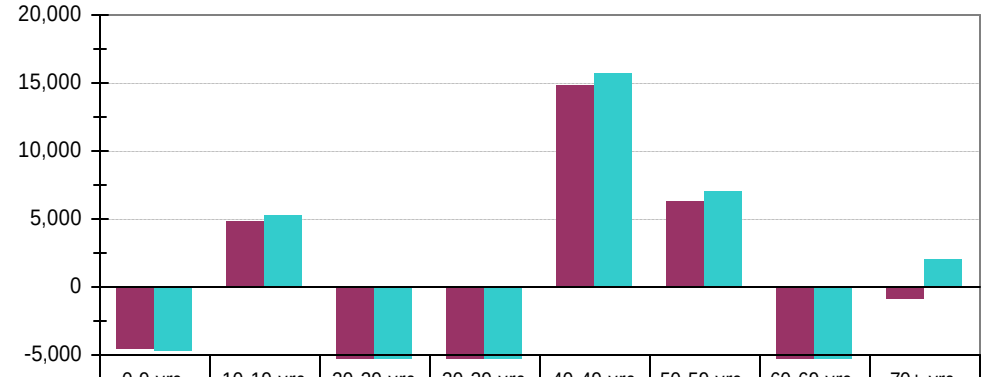


	Total increase 1990-2000	Increase from Births - Deaths	Increase from Migration
Milwaukee WDA	-19,111	64,151	-83,262
WI rural Counties	162,770	31,627	131,140
Metropolitan Counties	309,136	212,060	97,079

Source: WI Dept. of Admininstration, Demographic Services, 2001

Shifting our attention to examine changes among other age cohorts, we see that the greatest increase occurred among those individuals between the ages of 40 and 59, with the greatest increase occurring between the ages of 40 and 49. This is attributed primarily to the presence of a large number of members of the Baby Boom generation in the county. It is of no surprise, then than these workers also consist a great majority of the county's labor force. The impact of this conclusion will be discussed more fully.

Population Change in 10-year Age Groups by Sex
1990 - 2000 in Milwaukee Workforce Development Area

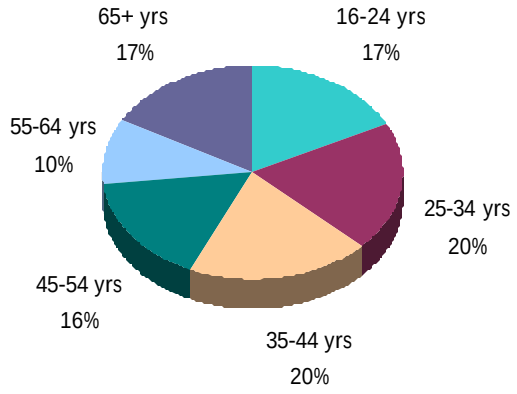


	0-9 yrs.	10-19 yrs.	20-29 yrs.	30-39 yrs.	40-49 yrs.	50-59 yrs.	60-69 yrs.	70+ yrs.
Female	-4,507	4,879	-13,739	-10,892	14,863	6,258	-10,874	-872
Male	-4,678	5,302	-11,412	-8,958	15,688	7,026	-9,250	2,055

Source: WI Dept. of Admin., Demographic Services, 2002

Looking at the elderly and retired population of the county, we see that the number of residents aged 60 to 69 decreased over the 1990's owing to lower birth rates during the depression years of the 1930's. A curious pattern was observed among those aged 70 and older, as the male population increased and female population decreased. Male lifespan is increasing, though females still live longer on average.

Milwaukee County Labor Force Age Groups



Source: US Dept. of Commerce, Census Bureau, *Census 2000*

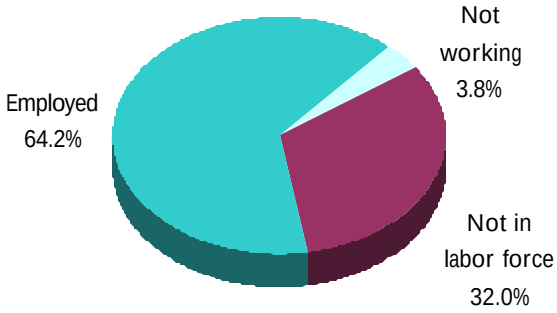
As can be seen in the chart above, the civilian labor force of Milwaukee County demonstrates a distinct level of maturity. In this case, maturity can be ascertained by analyzing the distribution of those active in the labor force across broad age groups. A distribution where the labor force is concentrated among younger cohorts could be considered developing, while a labor force with a high concentration in the older cohorts could be considered declining. An analysis of these characteristics with respect to Milwaukee County presents a relatively even distribution of the labor force across the average working life. Particularly encouraging is the fact that those over age 65, whom are considered separated from the labor force, by and large is offset by those entering the workforce. This replacement rate suggests relative stability in the labor force for the foreseeable future.

The labor force is the sum of those employed and unemployed *that have actively sought work in the last month*. **Labor Force eligible must be 16 years or older and not a member of an institutional population** such as a prison or an armed forces member living on a military base. The term "unemployed" does not necessarily include all people who are not working. For example, those who are retired or choose not to work are not considered unemployed. The phrase "Not Working" in the graph below assumes unemployed for the purposes of this profile.

The labor force participation rate for Milwaukee County in 2001 was 68.0%, an increase of 0.8% from 2000. This is in comparison to a statewide labor force participation rate of 73.5% for the state, which is 0.7% higher than 2000, and a national rate of 66.9%, which is 0.3% than that reported in 2000. The disparity between these rates represents a number of interesting facts about the state and county's labor force. The traditional strength of the state's labor force is apparent as both the county and state labor force participation rates are above the national rate. However, the distinct disparity between the Milwaukee County and state rate can be explained, in part, by the relatively large number of job losses incurred in the county as compared o the state, as is represented by a county unemployment rate that is traditionally higher than the state rate. As a result of this disparity, the number of discouraged workers not considered part of the labor force is higher in Milwaukee County than in the state. Many other counties, usually rural counties, in the state with low participation rates are the result of demographic issues. That is, more of the populace have more seasonal work schedules or have the economic means to opt out of labor force participation.

Labor force participation rate indicates the state of affairs, both economically and demographically, of Milwaukee County. It is not uncommon for counties all over the nation with central cities to have low rates of labor force activity, especially counties with very large cities like Milwaukee County does. It is widely held that labor participation in the United States has likely seen it s peak in the late 1990's and will gradually decline over the next two to three decades as the aging population does not support such full labor capacity. If there was one community in Wisconsin that has the potential to be the least affected by the projected labor shortages, it would be the Milwaukee area.

Milwaukee 2001 Labor Force Participation



Source: WI DWD, Local Workforce Planning Section, 2002